

Filed for intro on 02/15/95
Senate Bill _____
By _____

House No. HB1178
By Rhinehart

AN ACT to amend Tennessee Code Annotated, Title 56, relative to life insurance company investments and reporting requirements.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-3-303, is amended by adding the following as a new, appropriately designated subsection:

() Notwithstanding any other provision of this section, a domestic life insurance company may loan securities either directly or through its agent bank under this subsection to a broker-dealer registered with the securities and exchange commission or to a bank that is a member of the federal reserve system. The market value of loaned securities outstanding at any one time, excluding securities held in a separate account, shall not exceed twenty percent (20%) of admitted assets. Each loan must be evidenced by a written agreement that provides that:

(1) the loan will be fully collateralized by cash, obligations issued or guaranteed by the United States, or agency or an instrumentality thereof, or such other securities as determined by the securities valuation office of the national association of insurance commissioners, and that the collateral will be adjusted

each business day during the term of the loan to maintain the required collateral in the event of market value changes in the loaned securities or collateral;

(2) the loan may be terminated by the company at any time, and that the borrower must return the loaned securities or their equivalent within five (5) business days after termination;

(3) that the company has the right to retain the collateral or to use the collateral to purchase securities equivalent to the loaned securities if the borrower defaults under the terms of the agreement; and

(4) that the borrower remains liable for any losses and expenses, not covered by the collateral, which are incurred by the company due to default.

SECTION 2. Tennessee Code Annotated, Section 56-11-205, is amended by deleting from subsection (a) the date "March 1" and substituting therefor the date "April 30".

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

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